

By: Ellis, et al.

S.B. No. 961

A BILL TO BE ENTITLED

AN ACT

relating to the sale of certain annuities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 102.002, Insurance Code, is amended to read as follows:

Sec. 102.002. QUALIFIED CHARITABLE GIFT ANNUITY. (a) A charitable gift annuity is a qualified charitable gift annuity for purposes of this chapter if it was issued before September 1, 1995, or if it is:

(1) described by Section 501(m)(5), Internal Revenue Code of 1986; and

(2) issued by a charitable organization that on the date of the annuity agreement:

(A) has, exclusive of the assets funding the annuity agreement, a minimum of \$100,000 in unrestricted cash, cash equivalents, or publicly traded securities; and

(B) has been in continuous operation for at least three years or is a successor or affiliate of a charitable organization that has been in continuous operation for at least three years.

(b) The department may investigate as necessary to verify that an organization that issues an annuity meets the criteria described by Subsection (a).

SECTION 2. Subsection (c), Section 102.102, Insurance Code,

1 is amended to read as follows:

2 (c) The charitable organization may not be required to
3 submit additional information except to:

4 (1) aid the department in an investigation and
5 verification of the organization conducted under Section
6 102.002(b); and

7 (2) determine appropriate penalties under Section
8 102.104.

9 SECTION 3. Section 1107.006, Insurance Code, is amended to
10 read as follows:

11 Sec. 1107.006. MATURITY DATE. [~~(a)~~] In determining the
12 value of benefits under Sections 1107.102, 1107.103, and 1107.104,
13 [~~and subject to Subsection (b), if an annuity contract permits an~~
14 ~~election to have annuity payments begin on optional maturity~~
15 ~~dates,~~] the maturity date is [~~considered to be the latest date on~~
16 ~~which an election is permitted by the contract.~~

17 [~~(b) A maturity date determined under this section may not~~
18 ~~be later than]~~ the later of:

19 (1) the next anniversary of the annuity contract that
20 follows the annuitant's 70th birthday; or

21 (2) the 10th anniversary of the contract.

22 SECTION 4. Subchapter B, Chapter 4005, Insurance Code, is
23 amended by adding Section 4005.056 to read as follows:

24 Sec. 4005.056. MODIFICATION OF METHOD OF COMPENSATION FOR
25 SALE OF ANNUITIES. In addition to any other remedy available, the
26 commissioner may order the modification of a method of compensation
27 for the sale of an annuity that the commissioner finds, after notice

1 and an opportunity for hearing, results in a pattern or practice
2 that violates Chapter 1115.

3 SECTION 5. This Act applies only to an annuity that is
4 delivered, issued for delivery, or renewed on or after January 1,
5 2011. An annuity that is delivered, issued for delivery, or renewed
6 before January 1, 2011, is governed by the law as it existed
7 immediately before the effective date of this Act, and that law is
8 continued in effect for that purpose.

9 SECTION 6. This Act takes effect September 1, 2009.